

RECORD OF COMMUNICATION
SUMMARY OF INFORMATIONAL MEETING HELD ON DECEMBER 20, 2017 REGARDING THE
PROPOSED CLASS III UNDERGROUND INJECTION CONTROL AREA PERMIT AND
PROPOSED APPROVAL OF AN AQUIFER EXEMPTION
FOR EXCELSIOR MINING ARIZONA, INC.'S GUNNISON COPPER PROJECT

Below is a summary of the discussion with Earth Works, Amerind, and Dragoon Conservation Alliance representatives on the conference call held on 12/20/17. Participates in the call included Pete Dronkers with Earth Works, Tom Meyers, consulting hydrologist for Earth Works, Ellen Cohen with Dragoon Conservation Alliance, and Christine Szuter, Eric Kaldahl, and John Davis with Amerind. The United States Environmental Protection Agency (EPA) representatives were Audrey Johnson and Nancy Rumrill from the Drinking Water Protection Section, and James Walker, an EPA Contractor. There was no agenda provided for the call. The format for the call was a Q&A session. The meeting began at 3:00 pm PST.

The primary technical concern expressed by Earth Works representatives was related to the number and placement of monitoring wells downgradient from the wellfield. They recommended the installation of additional POC wells at the PMA perimeter and more monitoring wells downgradient of the POC wells to protect drinking water wells used by the town of Dragoon. They expressed concerns about the risk of pollutants migrating between POC wells to the Dragoon wells.

EPA stated that they would listen to the concerns expressed during the call and offer clarification to questions on the draft permit conditions, and that written comments should be submitted to EPA by the conclusion of the public comment period on January 8, 2018. Earth Works stated that formal comments will be submitted by January 8.

Earth Works commented that the 8 point-of compliance (POC) wells are too far apart to detect and prevent pollutant migration beyond the POC well perimeter, and requested a response to that concern. EPA referred the commenter to the monitoring requirements at 40 CFR Part 146.32 and the permit requirement for groundwater quality monitoring at the 11 outer observation wells to monitor for any excursions beyond the observation well (OW) perimeter. The OWs will be placed at locations where excursions are most likely to occur if undetected at the intermediate monitoring wells (IMWs) and hydraulic control (HC) wells. EPA referred to the monitoring well schedule for POC well and outer OWs on page 30 of the draft permit. The OWs will monitor hydraulic control by daily monitoring of differential water levels and specific conductance data in the outer OWs and periodic analysis of water quality data from the outer OWs, as described in Part II, Section F of the draft permit.

In addition, draft permit conditions provide for increased monitoring and monitoring well placement beyond the OW locations if excursions are detected at the outer OWs, over the duration of the Project. Formal comments on the adequacy of monitoring wells or other concerns should be submitted by January 8th for consideration by EPA after the close of the public comment period.

EPA referred the commenter to Appendix A and Figure A-7A for information on the planned locations of the proposed 30 HC wells and 22 OWs at the wellfield perimeter and the 5 POC wells at the boundary of the Aquifer Exemption and Area of Review for the Gunnison ISR Project.

Earth Works expressed concerns about the possible greater risk of pollutant migration downgradient of the OWs when the wellfield is fully developed and the lack of monitoring wells located beyond the OWs. Mining operations will be largest and closer to the wellfield perimeter and the OWs when full wellfield development is attained, which will provide a much shorter distance for pollutants to migrate to the outer OWs. Nonetheless, as wellfield development proceeds, an increasing number of HC and OWs will be installed at the wellfield perimeter to counter and compensate for that risk, and the option for installation of additional monitoring wells beyond the OWs, if needed, is a draft permit condition, as stated by EPA earlier.

Amerind commented that their work with native American people may be affected due to the impacts from the Gunnison Project and they are concerned about the lack of the opportunity for person-to-person comments and discussion of the Gunnison Project. Amerind representatives expressed interest in a public meeting in Dagoon. EPA described the difference between a public hearing and meeting and stated that a public hearing or meeting is not scheduled at this time. A request for a public hearing would have to be submitted during the Public comment period which ends on January 8th. If the request were accepted, EPA would provide a 30-day notice of a hearing to the public. The hearing would be held at a reasonable location near the Gunnison Project facility and convenient to the interested parties. Attendees would have the opportunity to speak by signing up to present testimony at the hearing. The hearing process allows for comments to be heard and recorded but there would be no formal response to comments at the hearing. Responses to the comments would be provided in writing by EPA after a compiling and reviewing all comments submitted by the Public. Comments would be accepted only on the draft permit or record of decision for the aquifer exemption granted for the Project.

One of the attendees had a question about financial assurance for closure of the Gunnison Project and voiced concerns related to a recent article in the Chicago Tribune newspaper reporting on a change in financial requirements for closure of conventional mine operations. EPA commented that those provisions apply to hard rock mining operations under Cercla rule 108-b rather than UIC permit provisions for ISR mine operations. The UIC permit requires full financial responsibility of the permittee for complete closure of the facility at abandonment.

EPA asked whether there were more questions at that time, with no response from participants. EPA reiterated that other questions or comments be submitted in writing by January 8, 2018, and stated that oral testimony would be heard and recorded at a hearing. Written and oral comments will be addressed in a response summary within a reasonable

timeframe after the end of the comment period or hearing, if one is held. A question was posed about the method of considering comments and responding to similar or identical comments. EPA responded that there is a process for responding to comments, which includes compiling similar or identical comments and providing a single but complete response to those types of comments.

Finally, an Earth Works representative reiterated his concern about the adequacy of the number and placement of monitoring wells located downgradient beyond the wellfield perimeter. He expressed frustration with what he considered the lack of an adequate EPA response to the concern. EPA will provide a formal and complete written response to written comments submitted by January 8th and oral or written comments offered at or before a public hearing if one is considered of significant public interest.

The meeting was adjourned at 3:50 pm PST.